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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

NQ 12/31/92

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-18921

RINGER CORPORATION
(Exact name of registrant as specified in its charter)

Minnesota (State of incorporation or organization)	41-0848688 (I.R.S. Employer Identification No.)
9959 Valley View Road, Eden Prairie, Minnesota (Address of principal executive offices)	55344-3585 (Zip Code)

(612) 941-4180
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

The number of shares outstanding of each of the registrant's classes of capital stock, as of April 30, 1992, was:

Common Stock, $.01 par value 10,374,728 shares

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS.

RINGER CORPORATION
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

ASSETS	March 31, 1992	September 30, 1991
Current Assets:		
Cash and cash equivalents	$ 59,391	$ 1,846,031
Accounts receivable	9,801,239	2,523,203
Inventories	4,816,329	3,153,280
Prepaid assets	451,334	497,431
Total current assets	15,128,293	8,019,945
Property and equipment (net)	1,061,818	931,558
Intangible assets (net)	6,143,357	6,438,565
Total assets	$ 22,333,468	$ 15,390,068
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Notes payable to bank	$ 6,339,000	
Accounts payable	2,448,285	$ 1,842,205
Accrued expenses	2,468,680	1,890,252
Accrued acquisition costs	255,458	800,763
Total current liabilities	11,511,423	4,533,220
Capitalized lease obligations	131,928	158,247
Shareholders' Equity:		
Common Stock, par value $.01 per share, authorized, 25,000,000 shares, issued and outstanding 8,476,728 and 8,568,280 shares, respectively	84,767	85,683
Additional paid-in capital	22,785,583	23,006,208
Deficit	(12,153,769)	(12,408,416)
Cumulative translation adjustment	(26,464)	15,126
Total shareholders' equity	10,690,117	10,698,601
Total liabilities and shareholders' equity	$ 22,333,468	$ 15,390,068

See notes to consolidated financial statements.

RINGER CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31,		Six Months Ended March 31,	
	1992	1991	1992	1991
NET SALES	$ 10,096,037	$ 8,168,580	$ 13,103,906	$ 9,496,119
COST OF SALES	3,965,911	3,558,721	5,484,634	4,259,392
Gross Profit	6,130,126	4,609,859	7,619,272	5,236,727
OPERATING EXPENSES:				
Sales & Marketing	3,223,773	3,068,160	4,878,576	4,447,986
General & Administration	747,324	586,695	1,405,021	902,910
Research & Development	653,264	259,905	1,000,089	452,604
Cost of Product Recall	–	1,448,000	–	1,448,000
	4,624,361	5,362,760	7,283,686	7,251,500
INCOME (LOSS) BEFORE OTHER INCOME (EXPENSE)	1,505,765	(752,901)	335,586	(2,014,773)
OTHER INCOME (EXPENSE) NET	(68,113)	(21,501)	(80,939)	34,859
PROFIT (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	1,437,652	(774,402)	254,647	(1,979,914)
INCOME TAX EXPENSE	(72,000)	–	(72,000)	–
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEM	1,365,652	(774,402)	182,647	(1,979,914)
EXTRAORDINARY ITEM:				
Tax benefit of net operating loss carryforward	72,000	–	72,000	–
NET INCOME (LOSS)	$ 1,437,652	$ (774,402)	$ 254,647	$ (1,979,914)
Earnings (loss) per common and common equivalent share:				
Profit (loss) before extraordinary item	$ .15	$ (.11)	$ .02	$ (.32)
Extraordinary item	.01	–	.01	–
Net income (loss)	$ .16	$ (.11)	$ .03	$ (.32)
Weighted average common and common equivalent shares outstanding	8,752,653	6,766,000	8,793,131	6,197,000

See notes to consolidated financial statements.

RINGER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 254,647	$ (1,979,914)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	460,628	258,989
Noncash compensation expense	10,000	
(Gain) on sale of equipment	(2,593)	
(Increase) decrease in assets:		
Trade accounts and notes receivable	(7,278,036)	(3,822,178)
Inventories	(1,663,049)	(121,938)
Prepaid expenses	46,097	(262,879)
Increase (decrease) in liabilities:		
Accounts payable	606,080	65,639
Accrued expenses	572,018	1,493,430
Net cash used in operating activities	(6,994,208)	(4,368,851)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(333,040)	(13,272)
Proceeds from sale of equipment	3,183	
Purchase of intangible assets	(33,477)	(52,897)
Acquisition of Safer, Inc. net of cash acquired	(670,306)	(1,978,403)
Net cash used in investing activities	(1,033,640)	(2,044,572)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of Common stock		685,743
Payments for common and preferred stock issuance costs	-	(38,543)
Net borrowings from bank line of credit	6,339,000	950,000
Principal payments on capital lease obligations	(56,202)	(34,341)
Net cash provided by financing activities	6,282,798	1,562,859
EFFECT OF CURRENCY CHANGE ON CASH	(41,590)	664
Decrease in cash and cash equivalents	(1,786,640)	(4,849,900)
CASH AND CASH EQUIVALENTS:		
BEGINNING OF PERIOD	1,846,031	4,937,762
END OF PERIOD	$ 59,391	$ 87,862

See notes to consolidated financial statements.

RINGER CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. **BASIS OF PRESENTATION**

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with instructions to Form 10-Q and Rule 10-01 of Regulation S-X. They do not include all information in footnotes required by generally accepted accounting principles for complete financial statements. They should be read in conjunction with the annual consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 1991. In the opinion of management, the interim financial statements include all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results for the interim periods presented. Operating results for the three months and six months ended March 31, 1992 are not necessarily indicative of the operating results for the year ending September 30, 1992.

Note 2. Sales of the Company's products are generally greater in the second and third fiscal quarters due to seasonal factors.

Note 3. All comparative data reflect application of consistent accounting principles and contain no prior period adjustments.

Note 4. Inventory consists of the following:

	March 31, 1992	September 30, 1991
Raw Materials	$ 2,827,616	$ 1,563,636
Finished Goods	1,988,713	1,589,644
	$ 4,816,329	$ 3,153,280

Note 5. Supplemental disclosure of cash flow information.

Cash paid (received) for interest during the period for:

	Six Months Ended March 31,	
	1992	1991
Interest paid	$ 88,051	$ 16,005
Interest received	(13,119)	(111,526)

Noncash transaction:

a. Decrease of $231,541 in paid-in capital and goodwill associated with the acquisition of Safer, Inc. in fiscal 1991 upon the return from escrow to the Company of 93,552 shares of the Company's common stock upon settlement of the Company's escrow claims.

b. Increase of $125,000 in accrued acquisition costs and goodwill associated with the acquisition of Safer, Inc. in fiscal 1991 related to a change in the estimated expenses resulting from the acquisition.

c. Increase of $10,000 in paid-in capital and operating expense for shares of common stock issued to a director as compensation for services as a member of the Company's Board of Directors.

Note 6. Subsequent events.

On April 1, 1992, The Scotts Company ("Scotts") filed a complaint in United States District Court for the Southern District of New York alleging that one of the Company's television advertisements is deceptive and misleading under applicable law. Scotts seeks a permanent injunction against use of the particular advertisement and similar claims in future advertisements, and asserts unspecified actual damages of not less than 1 million dollars and punitive damages of not less than 1 million dollars. The company does not believe that this action, the entry of an injunction or the settlement of the action will have a material adverse effect on its operations.

On May 1, 1992, the Company closed on a public offering of 1,900,000 shares of its common stock for net proceeds of $7,994,250. The Company immediately used $6,939,000 of the proceeds to retire the outstanding balance on the Company's line of credit on that date.

Item 2. MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following table sets forth, for the periods indicated, information derived from the consolidated statements of operations of the Company as a percentage of net sales:

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	1992	1991	1992	1991
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	39.3	43.6	42.0	44.9
Gross profit	60.7	56.4	58.0	55.1
Operating Expenses:				
Sales & Marketing	31.9	37.5	37.2	46.8
General & Administrative	7.4	7.2	10.7	9.5
Research & Development	6.5	3.2	7.6	4.8
Cost of Product Recall	-.-	17.7	-.-	15.2
	45.8	65.6	55.5	76.3
Income (loss) before other income (expense)	14.9	(9.2)	2.5	(21.2)
Other Income (Expense)	(.7)	(.3)	(.6)	.4
Net income (loss) before taxes and extraordinary item	14.2%	(9.5)%	1.9%	(20.8)%

The following table sets forth the percentage of net sales represented by each of the company's major product categories:

	Three Months Ended March 31,		Six Months Ended March 31, 1991	
	1992	1991	1992	1991
Fertilizer	42.4%	44.7%	41.6%	44.7%
Pest control	47.0	33.8	47.0	31.3
Composting	9.0	18.1	9.6	18.5
Third-party products	1.6	3.4	1.8	5.5
	100.0%	100.0%	100.0%	100.0%

General

Seasonal factors affecting operations

The Company's business is very seasonal which causes operations to vary dramatically from quarter to quarter. (See "Quarterly results of operations".) The first quarter of each fiscal year is focused heavily toward order solicitation, production planning and inventory building activities in anticipation of the Company's peak selling season. Inventory balances increase substantially during this period. Normal seasonal buildup of raw material inventory begins in August and September. Heavy finished goods production usually begins in October

and continues into the second quarter. Typically the Company experiences the highest inventory balances near the end of January and its lowest balances near the end of June.

Sales during the first quarter are at a seasonal low because the Lawn and Garden industry is between the Fall and Spring selling seasons. Sales that do occur during this period contain an abnormally high mix of certain products, such as pest control products, that are usable during the winter months. First quarter expenses, especially sales and marketing costs, are proportionately higher as a percentage of sales than in other quarters. This is due to seasonally reduced sales and increased marketing and promotional expenditures which are incurred in preparation for the spring selling season. As a result of normal seasonally low sales and high expenditures during this period, the Company anticipates that it will incur a loss during the first quarter of each fiscal year.

Historically, the second and third fiscal quarters have accounted for approximately 75% to 80% of yearly sales. Most of these sales occur during the peak selling period of February through April. Second quarter sales reflect shipments of initial orders to distributors and mass merchandisers. Early order shipments during this period are normally given extended dating terms common to the industry. This contributes to a rapid increase in accounts receivable during the second quarter which is substantially reduced during the third quarter when these dated receivables come due. The majority of third quarter sales result from Spring and early Summer restocking orders. Most of the Company's advertising and promotion expenses are also incurred in the second and third quarters.

Fourth quarter sales are primarily attributed to Fall orders of fertilizer and composting products. Many of the sales during this period are also shipped under extended dating terms common to the industry though the amounts are much smaller than those experienced during the second quarter. The fourth quarter also reflects certain marketing expenses incurred in preparation for the upcoming fiscal year's Spring selling season.

Acquisition of Safer, Inc.

The Company acquired all of the outstanding capital stock of Safer, Inc. ("Safer"), a manufacturer and marketer of environmentally compatible pest control products, on January 31, 1991. The purchase price of $9,824,000 included $1,001,000 cash, 2,725,780 shares of the Company's Common Stock valued at $6,746,306 and $2,076,000 of transaction costs such as employee severance payments, lease terminations and contractual obligations. The acquisition was accounted for as a purchase and the operations of Safer, Inc. are included in the consolidated results of operations of the Company commencing February 1, 1991. See Note 2 to Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1991.

Prior to the Safer, Inc. acquisition, the Company sold a line of pest control products under the Attack® brand name. The Company's pest control products were combined under the Safer® brand name for fiscal 1992.

Dependence on commodity raw materials

The Company is dependent on certain raw material ingredients which are traded in agricultural and industrial markets, such as feather, bone and blood meal. Although market fluctuations could adversely affect prices paid for these ingredients and, consequently, the company's gross margin, the company has been largely successful in acquiring supplies of such materials at favorable prices or responding to material price increases with product price increases. There is no assurance that the Company will be able to consistently achieve such results in the future.

Results of Operations

Three months ended March 31, 1992 compared to the three months ended March 31, 1991.

Net Sales. Net sales increased by 23.6% to $10,096,037 in the second quarter of fiscal 1992 compared to $8,168,580 in the same period of fiscal 1991. Much of this increase resulted from the inclusion of sales from Safer, Inc. for the full second quarter of fiscal 1992 compared to only two of the three months in the second quarter of fiscal 1991. (See "Acquisition of Safer, Inc.") Pest control sales for the second quarter of fiscal 1992 totalled approximately $4,700,000 compared to second quarter fiscal 1991 sales of approximately $2,757,000.

The remaining increases in sales for the three month period ended March 31, 1992 compared to sales for the same period ended March 31, 1991 resulted from increased sales of fertilizer products, increased distribution channels and an average 3% increase in selling prices which is spread across all of the Company's product lines.

Gross Margins. Gross margins improved in fiscal 1992 to 60.7% in the second quarter from fiscal 1991 gross margins of 56.4% for the same period. The increase in gross margins primarily reflects the benefit of cost reductions realized on pesticide raw materials and production and on the Company's ability to spread fixed costs of distribution and production across a larger sales base.

Operating Expenses. Operating expenses for the three months ended March 31, 1992 decreased by $738,399 or (13.8)% to $4,624,361 from $5,362,760 for the same period ended March 31, 1991. Operating expenses in the second quarter of fiscal 1991 included $1,448,000 for costs associated with a voluntary product recall. Excluding the impact of product recall expenses, all other components of operating expenses increased in the second quarter of fiscal 1992. The increase in each of the components of operating expenses reflects primarily costs of supporting the expanded operations of the company, including the pest control product line acquired with Safer, Inc. in January 1991. Sales and marketing expense increased 5.1% in the second quarter of fiscal 1992 compared to the same period of fiscal 1991, but decreased as a percentage of sales to 31.9% in the second quarter of fiscal 1992 from 37.6% in the same period of fiscal 1991. General and administrative expenses increased only slightly as a percentage of sales. Research and development expenses increased by 151.3% in the second quarter of fiscal 1992 compared to the same period in fiscal 1991. This increase is largely due to expanded product development activity and increased product registration costs of the expanded pest control line.

Other Income and Expense. Net other expense increased substantially in the second quarter of fiscal 1992 compared to the same period of fiscal 1991. These changes are due to reduced interest income and additional interest expense resulting from increased seasonal borrowings on the Company's line of credit.

Net Income (Loss). The Company generated a net income of $1,437,652 for the second quarter of fiscal 1992 compared to a net loss of $752,901 for the same period of fiscal 1991. The fiscal 1991 results were negatively impacted by a charge to operations of $1,448,000 for costs associated with the product recall mentioned above. Other factors contributing to improved performance during fiscal 1992 periods were increased sales, improved gross margins and lower operating expenses as a percentage of sales.

Six months ended March 31, 1992 compared to the six months ended March 31, 1991

Net Sales. Sales increased 38% for the six month period ending March 31, 1992 to $13,103,906 compared to $9,496,119 in the same period ending March 31, 1991. Much of this increase was caused by the inclusion of Safer sales for the full period in fiscal 1992 compared to sales for only two months from Safer, Inc. during the first six months fiscal 1991. (See "Acquisition of Safer, Inc."). Pest control product sales totalled approximately $6,200,000 for the six months ended March 31, 1992 compared to sales of approximately $3,000,000 for the same period of fiscal 1991.

The remaining increases in sales for the six month periods ended March 31, 1992 compared to sales for the same period ended March 31, 1991 results from increased sales volumes of fertilizer products and an average 3% increase in selling prices which is spread across all of the company's product lines.

Gross Margins. Gross margins for the six months ended March 31, 1992 improved to 58% compared to 55.1% for the six month period ended March 31, 1991. The increase in gross margins primarily reflects cost reductions on certain pesticide raw materials and production and on the Company's ability to spread fixed costs of distribution and production across a larger sales base.

Operating Expenses. Operating expenses for the six months ended March 31, 1992 increased slightly in absolute terms but decreased as a percentage of sales from 76.3% in fiscal 1991 to 55.6% in fiscal 1992. Operating expenses in fiscal 1991 included $1,448,000 for costs associated with a voluntary product recall. Excluding the effect of product recall expenses, all other components of operating expenses increased in fiscal 1992. The increase in each of the components of operating expenses reflects primarily costs of supporting the expanded operations of the company, including the pest control product line acquired with Safer, Inc. (See "General - Acquisition of Safer, Inc.") Sales and marketing expense increased 9.7% during the six month period ended March 31, 1992 compared to the same period ended March 31, 1991, but decreased as a percentage of sales to 37.2% in fiscal 1992 from 46.8% in fiscal 1991. Although the Company increased its sales and marketing budget with the general expansion of business, it was able to achieve greater revenues without duplicating sales and marketing expense. General and administrative expenses increased slightly as a percentage of sales primarily due to amortization of goodwill associated with the Safer acquisition. Research and development expenses increased by 121% in fiscal 1992 compared to the same period in fiscal 1991. This increase is largely due to expanded product development activity and increased product registration costs associated with the expanded product line.

Other Income and Expense. Net other income (expense) declined from net other income to net other expense for the six month period ending March 31, 1992 compared to the same period in fiscal 1991. These changes are due to reduced interest income and additional interest expense resulting from increased borrowings on the Company's line of credit.

Net Income(Loss). The Company generated a net income of $255,000 for the six months ended March 31, 1992 is compared to a net loss of $1,980,000 for the six months ended March 31, 1991. The fiscal 1991 results were negatively impacted by a charge to operations of $1,448,000 for costs associated to a product recall. Other factors contributing to improved performance during fiscal 1992 periods were increased sales, improved gross margins and lower operating expenses as a percentage of sales.

Quarterly Results of Operations

The following table sets forth a summary of quarterly results for the past nine fiscal quarters in order to show the highly seasonal pattern of the Company's business and quarterly fluctuations in sales and earnings or losses. This information is unaudited but contains all adjustments, consisting of normal recurring accruals, which the Company believes are necessary for a fair presentation.

	Fiscal 1991 Three Months Ended				Fiscal 1992 Three Months Ended	
	Dec 31	Mar 31 (1)	June 30	Sept 30	Dec 31	Mar 31
Net sales	$ 1,328	$ 8,169	$ 8,988	$ 2,722	$ 3,008	$ 10,096
Gross profit	627	4,610	4,868	857	1,489	6,130
Operating expenses	1,889	5,363	5,274	3,323	2,659	4,624
Net income (loss)	$ (1,206)	$ (774)	$ (449)	$ (2,346)	$ (1,183)	$ 1,438

(1) Reflects the consolidation of the financial statements of Safer, Inc. from February 1, 1991. See Note 2 to Notes of Consolidated Financial Statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1991.

Liquidity and Capital Resources

Cash decreased by approximately $1.7 million during the six months ended March 31, 1992. The Company's cash requirements during this period were funded by liquidating cash investments and borrowing under the Company's seasonal line of credit. Cash was used largely to finance seasonal increases in inventories and accounts receivable. In addition, the Company purchased computer equipment and software to upgrade its information systems, office equipment, leasehold improvements, and motor vehicles totalling approximately $333,000. Also, approximately $670,000 was used to pay accrued acquisition expenses related to the fiscal 1991 acquisition of Safer, Inc.

The Company currently has available a bank line of credit of $9,000,000 to finance seasonal buildup of inventory and receivables. At March 31, 1992, the Company had outstanding borrowings under the line of credit of $6,339,000. The line of credit expires on July 31, 1992. Management believes a renewed line of credit can be obtained on terms that are reasonable and acceptable to the Company.

On May 1, 1992, the Company closed on a public offering of 1,900,000 shares of its common stock for net proceeds of $7,994,250. The Company immediately used $6,939,000 of the proceeds to retire the outstanding balance on the Company's line of credit on that date.

The Company does not believe that inflation has had a significant impact on the results of operations.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

On April 1, 1992, The Scotts Company ("Scotts") filed a complaint in United States District Court for the Southern District of New York alleging that one of the Company's television advertisements is deceptive and misleading under applicable law. Scotts seeks a permanent injunction against use of the particular advertisement and similar claims in future advertisements, and asserts unspecified actual damages of not less than 1 million dollars and punitive damages of not less than 1 million dollars. The Company does not believe that its advertisement is misleading and is prepared to support the factual claims therein, but the Company may agree to withdraw this particular advertisement and to limit certain claims in future advertisements to avoid the costs of litigation. At a hearing to consider a preliminary injunction against further broadcast of the advertisement, the court strongly encouraged the parties to enter into a settlement of this action. The Company does not believe that this action, the entry of an injunction or the settlement of the action will have a material adverse effect on its operations.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of shareholders of Ringer Corporation was held at 10:00 a.m. on Wednesday, February 19, 1992. Matters submitted at the meeting for vote by the shareholders were as follows:

a. Election of Directors.

The following nominees were elected to serve as members of the Board of Directors until such time as a replacement may be elected.

	FOR	WITHHELD
Udo E. Schulz	7,087,275	7,895
Gordon F. Stofer	7,087,375	7,795
Ernest C. Parizeau	7,087,275	7,895
Robert W. Fischer	7,086,265	8,905
Donald E. Lovness	7,087,333	7,837
Franklin Pass	7,087,365	7,805
John R. Hesse	6,756,088	339,082

b. Ratification of selection of independent auditors.

Shareholders ratified the selection of Deloitte & Touche as the Company's independent auditors for the fiscal year ending September 30, 1992 by a vote of 7,077,497 in favor, 12,339 against and 5,334 abstaining.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

None.

(b) Reports on Form 8-K

No Reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RINGER CORPORATION

Dated: May 13, 1992

By _____
Udo E. Schulz
President and Chief
Executive Officer

Dated: May 13, 1992

By _____
Mark S. Robinson
Vice President-Finance
and Treasurer
(principal financial officer)